

SAN FRANCISCO COMMUNITY COLLEGE DISTRICT

Audit Report

MANDATE REIMBURSEMENT PROCESS PROGRAM

Chapter 486, Statutes of 1975
and Chapter 1459, Statutes of 1984

July 1, 1998, through June 30, 2001



STEVE WESTLY
California State Controller

August 2003



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California State Controller

August 29, 2003

Philip R. Day, Jr., Ph.D., Chancellor
San Francisco Community College District
33 Gough Street
San Francisco, CA 94103

Dear Dr. Day:

The State Controller's Office has completed an audit of the claims filed by San Francisco Community College District for costs of the Mandate Reimbursement Process Program (Chapter 486, Statutes 1975, and Chapter 1459, Statutes of 1984), for the period of July 1, 1998, through June 30, 2001.

The district claimed \$32,074 for the mandated program. Our audit disclosed that the entire amount is allowable. The district was paid \$28,728. Allowable costs claimed in excess of the amount paid, totaling \$3,346, will be paid by the State based on available appropriations.

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

Original Signed By:

WALTER BARNES
Chief Deputy State Controller, Finance

WB:jj

cc: Peter Goldstein
Vice Chancellor of Administration and Justice
San Francisco Community College District
John Bilmont, Controller
San Francisco Community College District
James Kendrix, Chief Financial Officer
San Francisco Community College District
Steve Hale, Employee Relations Manager
San Francisco Community College District
Calvin Smith, Program Budget Manager
Corrections and General Government
Department of Finance

Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	1
Conclusion	2
Views of Responsible Officials	2
Restricted Use	3
Schedule 1—Summary of Program Costs	4

Audit Report

Summary

The State Controller's Office (SCO) has completed an audit of the claims filed by San Francisco Community College District for costs of the Mandate Reimbursement Process Program (Chapter 486, Statutes of 1975, and Chapter 1459, Statutes of 1984) for the period of July 1, 1998, through June 30, 2001. The last day of fieldwork was February 20, 2003.

The district claimed \$32,074 for the mandated program. The audit disclosed that the entire amount is allowable. The district was paid \$28,728. Allowable costs claimed in excess of the amount paid, totaling \$3,346, will be paid by the State based on available appropriations.

Background

In 1975 the State enacted Chapter 486, Statutes of 1975, authorizing the SCO to receive, review, and pay reimbursement claims for mandated costs submitted by local governments. In 1984, the State enacted Chapter 1459, Statutes of 1984, which established the "sole and exclusive procedure" for school districts to claim reimbursements for state-mandated costs under *Government Code* Section 17552. The legislation establishes the process for school districts to receive reimbursement for state-mandated costs and prescribes the procedures that must be followed in filing the claim before mandated costs are recognized. On March 27, 1986, the Commission on State Mandates determined that school districts incurred "costs mandated by the state" as a result of Chapter 486, Statutes of 1975, and Chapter 1459, Statutes of 1984. Specifically, the commission found that these two statutes imposed a new program by requiring local governments to file claims to establish the existence of a mandated program and to obtain reimbursement for mandated programs costs.

Parameters and Guidelines, adopted by the Commission on State Mandates for the Mandate Reimbursement Process Program, establishes the state mandate and defines criteria for reimbursement. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for each mandate requiring state reimbursement to assist school districts and local agencies in claiming reimbursable costs.

Objective, Scope, and Methodology

The audit objective was to determine whether costs claimed are increased costs incurred as a result of the Mandate Reimbursement Process Program (Chapter 486, Statutes of 1975 and Chapter 1459, Statutes of 1984) for the period of July 1, 1998, through June 30, 2001.

The auditors performed the following procedures:

- Reviewed the costs claimed to determine if they were increased costs resulting from the mandated program;
- Traced the costs claimed to the supporting documentation to determine whether the costs were properly supported;

- Confirmed that the costs claimed were not funded by another source; and
- Reviewed the costs claimed to determine that the costs were not unreasonable and/or excessive.

The SCO conducted the audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The SCO did not audit the district's financial statements. The scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance concerning the allowability of expenditures claimed for reimbursement. Accordingly, transactions were examined, on a test basis, to determine whether the amounts claimed for reimbursement were supported.

Review of the district's management controls was limited to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

For the audit period, San Francisco Community College District claimed \$32,074 for expenditures incurred as a result of the Mandate Reimbursement Process Program. The audit disclosed no material instances of noncompliance with the requirements outlined above.

For fiscal year (FY) 1998-99, the district was paid \$6,544 by the State. The audit disclosed that the entire amount is allowable.

For FY 1999-2000, the district was paid \$13,812 by the State. The audit disclosed that the entire amount is allowable.

For FY 2000-01, the district was paid \$8,372 by the State. The audit disclosed that \$11,718 is allowable. Allowable costs claimed in excess of the amount paid, totaling \$3,346, will be paid by the State based on available appropriations.

Views of Responsible Officials

The audit results were discussed with the district's representatives during an exit conference held on February 20, 2003. John Bilmont, Controller, and Steve Hale, Employee Relations Manager, agreed with the audit results. Mr. Hale further agreed that a draft audit report was not necessary and that the audit report could be issued as final.

Restricted Use

This report is solely for the information and use of San Francisco Community College District, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original Signed By:

JEFFREY V. BROWNFIELD
Chief, Division of Audits

**Schedule 1—
Summary of Program Costs
July 1, 1998, through June 30, 2001**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>July 1, 1998, through June 30, 1999</u>			
Salaries and benefits	\$ 5,157	\$ 5,157	\$ —
Contracted services	—	—	—
Materials and supplies	<u>50</u>	<u>50</u>	<u>—</u>
Subtotals	5,207	5,207	—
Indirect costs	<u>1,337</u>	<u>1,337</u>	<u>—</u>
Total costs	<u>\$ 6,544</u>	6,544	<u>\$ —</u>
Less amount paid by the State		<u>(6,544)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	
<u>July 1, 1999, through June 30, 2000</u>			
Salaries and benefits	\$ 6,698	\$ 6,698	\$ —
Contracted services	5,500	5,500	—
Materials and supplies	<u>1</u>	<u>1</u>	<u>—</u>
Subtotals	12,199	12,199	—
Indirect costs	<u>1,613</u>	<u>1,613</u>	<u>—</u>
Total costs	<u>\$ 13,812</u>	13,812	<u>\$ —</u>
Less amount paid by the State		<u>(13,812)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Salaries and benefits	\$ 4,257	\$ 4,257	\$ —
Contracted services	6,500	6,500	—
Materials and supplies	<u>26</u>	<u>26</u>	<u>—</u>
Subtotals	10,783	10,783	—
Indirect costs	<u>935</u>	<u>935</u>	<u>—</u>
Total costs	<u>\$ 11,718</u>	11,718	<u>\$ —</u>
Less amount paid by the State		<u>(8,372)</u>	
Total allowable costs claimed in excess of (less than) amount paid		<u>\$ 3,346</u>	

Schedule 1 (continued)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>Summary: July 1, 1998, through June 30, 2001</u>			
Salaries and benefits	\$ 16,112	\$ 16,112	\$ —
Contracted services	12,000	12,000	—
Materials and supplies	<u>77</u>	<u>77</u>	<u>—</u>
Subtotals	28,189	28,189	—
Indirect costs	<u>3,885</u>	<u>3,885</u>	<u>—</u>
Total costs	<u>\$ 32,074</u>	32,074	<u>\$ —</u>
Less amount paid by the State		<u>(28,728)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 3,346</u>	

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